

DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

RESPONSES OF NATIONAL NEWSPAPER ASSOCIATION  
WITNESS HEATH TO USPS INTERROGATORIES AND  
REQUESTS FOR PRODUCTION OF DOCUMENTS  
(USPS/NNA-T1-50-56)

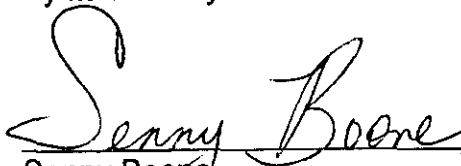
The National Newspaper Association ("NNA") hereby provides the following responses of NNA Witness Heath to the interrogatories of the United States Postal Service: USPS/NNA-T1-50-56.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

NATIONAL NEWSPAPER ASSOCIATION

By its attorneys:

  
Senny Boone  
Tonda Rush

USPS/NNA-T1-50. At page 17, lines 11-13, you discuss mailer's difficulty in using Plant-Verified Drop Shipment.

- a. Please specify the "complex procedures" that you feel hinder mailers' use of Plant-Verified Drop Shipment.
- b. What do you understand to be the purpose(s) behind each of these procedures, and why do you consider each to be not appropriate?

RESPONSE.

I describe the procedures as complex for the following reasons:

1. The language in DMM P750 consists of seven pages of dense instruction, designed for use by sophisticated mailers at printing plants with separate mail units who make a full-time occupation of dealing with mailing rules.
2. Although Business Mail Acceptance believes PVDS is usable by local entry mailers, small newspapers find that local postmasters do not suggest it (see NNA Witness Speights response to USPS/NNA T2-10(b)). I am aware of circumstances where PVDS has been denied to local entry mailers. Postmasters do not seem to understand the rules, themselves, and are in a poor position to explain them to small mailers (who are, after all, in the publishing business, not the mailing business.)
3. Local-entry periodicals are required to verify each issue: transport to a post office, unload, verify and reload, all of which is difficult on a local publication's deadlines.

4. The need to have an additional entry at each office where mail is dropped, even when offices may receive only very small quantities of that newspaper, the attachment of Drop Shipment Clearance Documents (Form 8125); the requirement to produce separate postage statements for each office and the need to maintain separate deposit accounts are all additional bureaucratic steps that newspapers must take, all to receive the same service and to perform the same work presently done under exceptional dispatch. The only difference is that under exceptional dispatch, the newspaper provides work without compensation and under PVDS/additional entry, the newspaper receives a fair discount.

USPS/NNA-T1-51. Please fully set forth your understanding of how exceptional dispatch mail is entered and verified.

#### RESPONSE.

In general, formal verification of periodicals mail is an annual process. Informal verification is done, when the postmaster requires it, at the entry office. However, this verification may not occur on a week-by-week basis because postmasters realize that the mailing patterns change little from week to week and that spot checking is sufficient to determine that the proper postage is paid once the newspaper has established a regular pattern in that office. Also, PAVE-certified documentation is an indicator of payment authenticity. Similarly, verification of copies entered through exceptional dispatch, with postage paid at the entry office, is done when the postmaster requires it. Nothing in NNA's proposal would change that, except that once the pattern of mailing was established, the mailer would receive a proper discount for work-sharing.

NNA Notes that the Mailers Companion of June, 1997, pp. 20-22, explains a new "dynamic entry" practice to permit flexible entries, without the need for formal additional entry at all deposit offices. This new practice would seem to indicate that the many bureaucratic steps previously required for additional entry are not essential and that work-sharing with flexible entry for better service is being encouraged by USPS.

USPS/NNA-T1-52. At page 18, lines 13-16, you discuss “additional headaches involved in keeping postage deposits at several offices and in filing additional mailers’ statements for relatively small quantities of mail.” Please explain your understanding of why a mailer would choose to undergo these steps and why the Postal Service chooses to make them available.

RESPONSE.

Mailers use exceptional dispatch because the Postal Service does not achieve on-time delivery. As Witness Speights notes, in the post-reclassification era of Area Distribution Center mail processing, delivery quality has declined and exceptional dispatch has become more essential. My understanding of why the Postal Service chooses to permit exceptional dispatch is that it recognizes its own short-comings and desires to keep the mail volumes intact. It shifts a part of its workload to the mailer, thereby, and keeps the transportation and processing savings for itself.

USPS/NNA-T1-53. For each of LCNI's publications for which such information is available, please estimate the percentage that is carrier-route presorted.

RESPONSE.

I do not have a full list of LCNI mailing practices, but I conducted a spot check of 10 weekly newspapers and 1 semi-weekly. I found that 75% of the periodicals mail is carrier- route presorted.

USPS/NNA-T1-54. Please identify and explain all bases underlying your statement at page 18, lines 3-4 of your testimony, that the "diversion from the usual SCF path creates a savings for the Postal Service that at least equates to avoided transportation costs." Please document fully any such quantified bases.

RESPONSE.

In all cases where exceptional dispatch is used with which I am aware, the mailer saves USPS two legs of transportation: one from the post office of original entry to the SCF processing hub and a second from that plant to the delivery office. In addition, it saves USPS some handling of sacks or carrier-route and/or 5-digit mail. In some cases, it could save manual processing of some 3-digit pieces where quantities would not allow 5 digit rates, such as post office box sections with few copies, while rural route or city route sortations had carrier route sorts.

USPS/NNA-T1-55. At page 19, lines 18-19 of your testimony, you state that "Periodicals mail is verified only annually." Please provide all bases for this statement.

RESPONSE.

USPS Handbook DM-203, September, 1995, "Second-Class Eligibility Review" states on page 7, line 1: "Every October, review each form 3526, Statement of Ownership."

USPS Handbook, DM-202, September, 1995, "Second-Class Postage Payment Review," states on page 5, section 1-2.1: "The Postmaster or designee schedules postage payment reviews, which are to be conducted once each calendar year."

I am unaware of any updates of these manuals that might have changed these directions to postmasters. In my experience, the annual verification is in practice.



USPS/NNA-T1-56. Please refer to your Exhibit 3, on page 10 of your testimony.

Are the figures in the "Total Circulation" column weekly or annual figures?

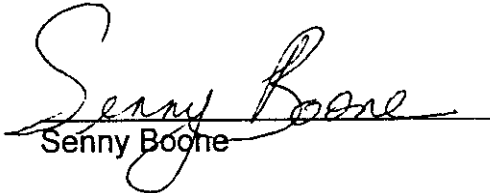
RESPONSE.

Weekly.

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

February 11, 1998

  
Senny Boone